CREDIT OPINION
24 September 2026

Update

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RATINGS

Islandsbanki hf.

Domicile	Iceland
Long Term CRR	A2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Arif Bekiroglu +44.20.7772.1713
VP-Ratings
arif.bekiroglu@moodys.com

Juliana Cerenkova +46.8.5179.1254
Sr Ratings Associate
juliana.cerenkova@moodys.com

Edoardo Calandro +44.20.7772.1097
SVP-Ratings
edoardo.calandro@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100

Islandsbanki hf.

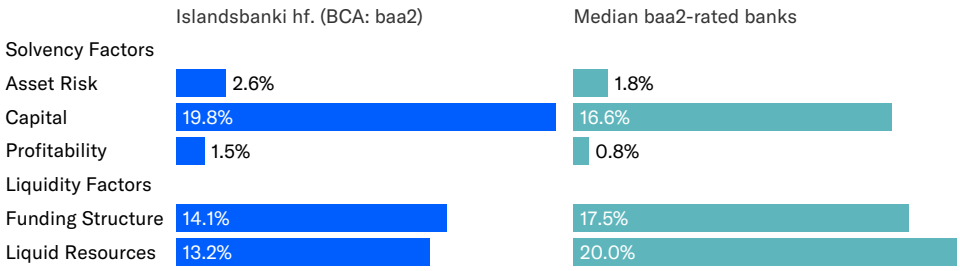
Update to credit analysis

Summary

Islandsbanki hf.'s (ISB) A2 long-term deposit ratings and A3 issuer ratings reflect the bank's standalone creditworthiness, as expressed by a baa2 baseline credit assessment (BCA), and extremely low and very low loss-given-failure respectively, which results in a three-notch uplift for the long-term deposit rating and a two-notch uplift for the issuer rating. Low probability of support from the Government of Iceland (A1, stable) does not result in any further uplift.

ISB's BCA of baa2 reflects its strong risk weighted capitalization, coupled with good recurring profitability, a low level of problem loans, adequate liquidity and granular deposit funding. This is balanced against high geographic concentration of revenue and customer base in Iceland, moderately high asset risk constrained by sector and single name concentration and a moderate exposure to confidence sensitive international funding.

Exhibit 1
Rating Scorecard - Key Financial Factors
As of 30 June 2026



The scorecard ratio calculations are presented in the "Rating methodology and scorecard factors" section.
Source: Moody's Ratings

Credit strengths

» Low level of problem loans

» Strong capitalisation with ample capital buffers

» Good profitability underpinned by high net interest margin and sound cost control

» Granular deposit base, longer-dated wholesale funding, and strong liquidity

Credit challenges

» High geographical and sector concentration

» Moderate reliance on foreign wholesale funding

Rating outlook

The outlook on Islandsbanki's long-term deposit, long-term issuer and senior unsecured debt ratings is stable, reflecting our expectation that the bank will continue its strong performance in the next 12-18 months, while managing asset risk prudently and optimizing its capital base.

Factors that could lead to an upgrade

Islandsbanki's BCA could be upgraded following a reduction in its single name and sector concentrations, a significant reduction in the use of short-term funds, and a deepening in its market access, provided that the bank maintains a strong capitalisation and strong earnings' generation capacity.

For the issuer and program ratings, upward rating pressure could also develop because of a larger cushion of loss absorbing obligations protecting creditors and depositors in case of failure.

Factors that could lead to a downgrade

Islandsbanki's BCA could be downgraded following a deterioration in asset quality, higher concentrations, an increase in non-credit related risks, or a weakening in the bank's funding and liquidity profile.

Furthermore, a reduction in the rating uplift triggered by structural funding changes to the bank's balance sheet could lead to downward rating pressure.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2

Islandsbanki hf. (Consolidated Financials) [1]

	06-26 [2]	12-25 [2]	12-24 [2]	12-23 [2]	12-22 [2]	CAGR/Avg. [3]
Total Assets (ISK Billion)	1788.4	1728.1	1607.8	1582.7	1566.2	3.9 [4]
Total Assets (USD Million)	14199.2	13788.2	11570.3	11648.6	11033.3	7.5 [4]
Tangible Common Equity (ISK Billion)	206.9	220.9	224.8	223.6	213.8	(0.9) [4]
Tangible Common Equity (USD Million)	1642.6	1762.3	1617.8	1645.6	1506.2	2.5 [4]
Problem Loans / Gross Loans (%)	2.6	1.5	1.6	1.8	1.8	1.9 [5]
Tangible Common Equity / Risk Weighted Assets (%)	19.8	21.4	21.6	22.9	21.4	21.4 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.0	8.9	9.2	9.5	9.4	10.8 [5]
Net Interest Margin (%)	3.7	3.1	3.0	3.1	2.9	3.2 [5]
PPI / Average RWA (%)	4.2	3.4	3.2	3.5	3.2	3.5 [6]
Net Income / Tangible Assets (%)	1.6	1.5	1.5	1.6	1.6	1.5 [5]
Cost / Income Ratio (%)	43.5	46.9	48.0	45.0	45.4	45.8 [5]
Gross Loans / Due to Customers (%)	137.1	141.9	140.6	145.2	151.6	143.3 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	13.5	13.2	14.1	--	--	--
Less-stable Funds (LCR) / Tangible Banking Assets (%)	12.4	14.1	13.9	--	--	--

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities.
Sources: Moody's Ratings and company filings

Profile

Islandsbanki hf. is an Icelandic bank offering retail, private banking, asset management, corporate and investment banking services. The bank has around 30% market share in Iceland as June 2026, and operates through 12 branches, as well as a full-service digital and mobile app offering. Furthermore, ISB owns 100% of the share capital of Allianz Iceland which is in a strategic partnership with Allianz Global.

The bank is a fully privatized and publicly listed financial institution following the sale of the government's remaining 45.2% ownership stake in May 2025. For more information on Iceland banking system, please refer to Iceland's Banking System Outlook.

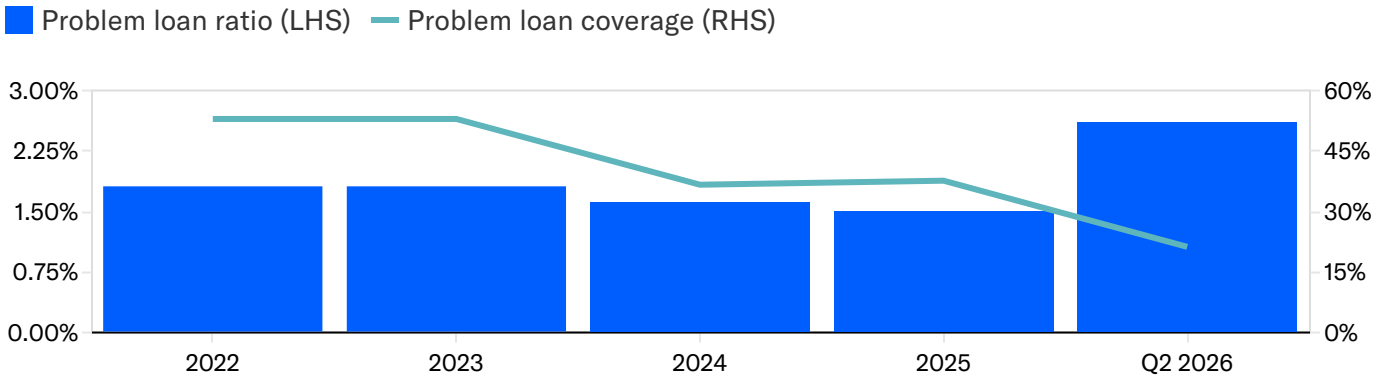
Detailed credit considerations

Moderately high asset risk constrained by high geographical and sector concentration

We assign a baa2 Asset risk score that reflects our Problem Loans to Gross Loans ratio of 2.6%, which we consider to be Strong, and is adjusted for high share of corporate and CPI-linked lending, which is partially mitigated by a track record of prudent underwriting.

ISB's asset quality has remained strong, despite the high policy rates. The bank's reported non-performing loans (NPL) ratio, measured as stage 3 loans to gross loans, of 2.6% at end-June 2026, increased from 1.5% at the end of 2025. The contained weakening was caused by borrower-specific issues in the construction and some what more small and medium enterprises (SMEs). However, Stage 2 loans, declined to 2.6% of gross loans as of June 2026 compared to 4.6% at the end of 2025 due to improvements in the performance in some parts of the portfolio, as well as some exposures moving to stage 3. We expect the bank's asset quality metrics to deteriorate only marginally from current levels, as some borrowers previously affected by the high-rate environment have adapted to higher debt servicing costs, supported by Iceland's resilient economy, relatively low unemployment and generally strong borrower fundamentals.

Exhibit 3
Rising NPLs accompanied by lower reserve coverage
Loan staging and coverage ratio



Notes: Problem loan coverage: loan loss reserves % problem loans.
Source: Moody's Ratings

ISB's loan portfolio is evenly split between corporate and retail, where 36% of gross loans are CPI linked (2022: 19%). Majority of retail loans are mortgages where 61% are CPI linked, while only 16% of commercial loans are CPI linked as of end-June 2026. The bank is working to limit further growth in CPI-linked products – the CPI imbalance accounted 116% of total CET1 capital at end-June 2026, by reducing their tenor and adjusting the pricing.

» **Consumer Price Index (CPI) linked loans** are home and corporate loans where the outstanding principal is adjusted monthly based on the Consumer Price Index (CPI), effectively tying the debt to inflation. While these loans typically offer lower initial interest rates and monthly payments compared to non-indexed loans, the principal increases over time if inflation rises, potentially leading to higher long-term costs. This structure allows borrowers to access larger loans initially, but the increasing interest payments slow down equity accumulation and can even result in negative amortization during periods of high inflation. The risk is mitigated by the borrowers' ability to switch between CPI linked and non-CPI linked loans at the time of refinancing.

The performance of retail loans has been strong, despite the 6.75% cumulative increase in the Central bank's key benchmark rate since Q2 2021 as of June 2026 in an aim to control inflation. The high share of CPI loans contained the interest rate risk to the borrowers. Iceland benefits from strong employment, real wage growth, and high household savings which we expect to continue to support the performance of the retail book even as interest rates are reset at higher levels. Unemployment is expected to increase only modestly from 4.3% in 2025 to 4.5% in 2026 before declining thereafter, supporting the view that labor market conditions remain broadly resilient despite slower economic activity.

The historically volatile real estate and construction sectors accounted for 17% of gross loans as of June 2026. We view corporate book concentrated with a high degree of interconnectedness due to the small size of the economy. This was evidenced during the Covid-19 pandemic when severe impacts in the tourism sector resulted in issues in the broader economy. The bank's appetite for market risk is low, with small market making and proprietary trading activities, while equity holdings in the banking book have remained stable and are comparable to peers.

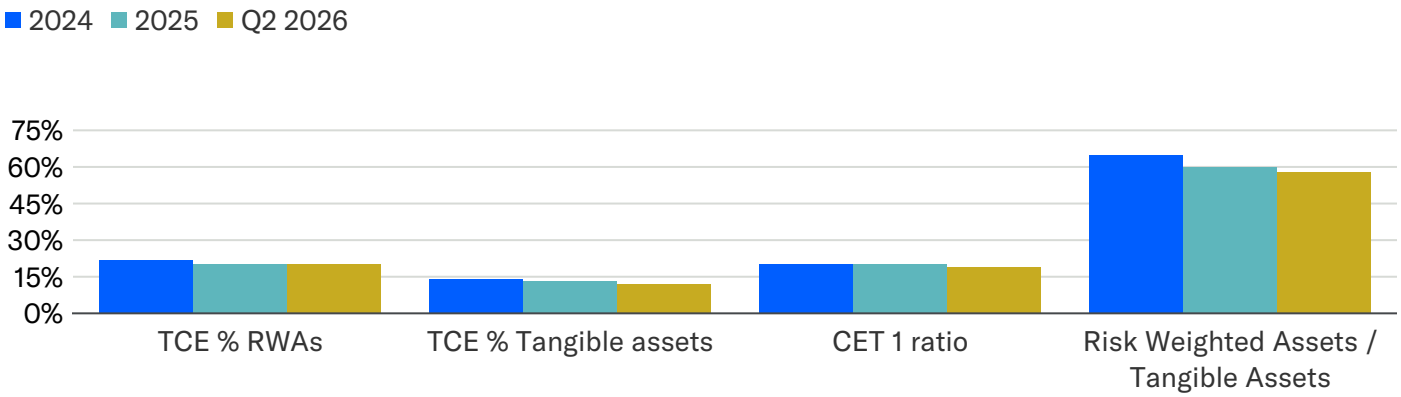
Strong capitalisation with ample capital buffers

We assign an a2 score for capital that reflects our Tangible Common Equity to Risk Weighted Assets ratio of 19.8%, which we consider to be Strong, and is adjusted for strong risk weighted capitalization levels and a very strong leverage ratio. The assigned score reflects our expectation that the bank will continue to optimize its capital base by gradually increasing its leverage.

The bank uses the standardised method for calculation of capital requirements and as of end-June 2026 the (Moody's Adjusted) Bank's Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in) was 19.8%, versus 21.4% as of year-end 2025. The Moody's adjusted leverage ratio was Tangible Common Equity / Total Assets was a strong 11.6% (2025: 12.8%).

The bank's Pillar 2 (P2R) requirement is 1.8% (1.4% previously) as communicated by the FSA in the latest Supervisory Review and Evaluation Process (SREP) report in June 2026. ISB has historically been benefiting from the lower P2R requirement compared to its peers mainly driven by a lower add-on for market risk, reflective of the banks limited appetite for market making activities. However, following the June 2026 SREP report, the Pillar 2 requirements are expected to be comparable amongst the large Icelandic banks although ISB's market making activities are limited.

Exhibit 4
ISB benefits from a strong capital position
Capital ratios



Notes: TCE: Tangible Common Equity/Risk weighted assets and is calculated as ((Tangible common equity – Deferred tax assets) + minimum (Deferred tax assets, 11.1% * (Tangible common equity – Deferred tax assets))) / Risk-weighted assets
TCE/Tangible assets or Nominal leverage: tangible common equity % of tangible assets. Tangible assets = Total assets minus goodwill and other intangible assets Common Equity Tier 1 (CET1) ratio is reported regulatory capital ratio
Source: Moody's Ratings

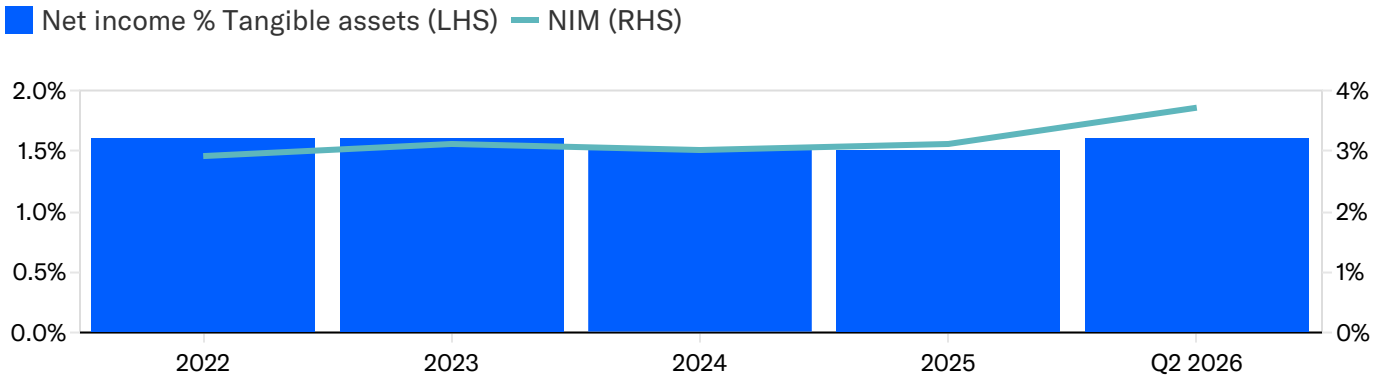
The bank is targeting a buffer of 100bps-300bps above regulatory requirements and considers an optimal total capital ratio between 20.5% and 22.5%, with a CET1 target of 17.2%. During the first half of 2026, the bank returned ISK 27.8 billion to shareholders through a combination of ISK 12.6 billion ordinary dividends and ISK 15.2 billion share buybacks. Management retained a 50% dividend payout target and had a further ISK 3.9 billion of approved but uncompleted buybacks as of June 2026, while excess capital available for distributions or growth amounted to ISK 23.1 billion. As of September 2026, the bank has completed its planned share buybacks with the total share buybacks amounting to ISK 18.9 billion for 2026. The additional completed share buybacks and the balance sheet growth will contribute to a decline in capitalization level in the next 12-18 months.

Strong profitability underpinned by high net interest margin and sound cost control

We assign a baa1 score for profitability that reflects our Net Income to Tangible Assets ratio of 1.5%, which we consider to be Strong, and is adjusted for our expectation that the bank's strong core profitability will decline modestly as interest rates normalize from elevated levels and margins compress, partly offset by cost efficiency and lower funding costs. Although we expect interest margins to remain higher for longer, the positive effect will be partly offset by a higher cost of risk.

ISB has strong profitability benefiting from a high interest rate environment, good recurring fee income and cost controls. The bank reported return on assets (RoA) of 1.6% at end-June 2026 and 1.5% in 2025 and 2024, significantly improved from 0.9% in 2018 and 0.7% in 2019 as the bank increased its focus on pricing and cost control as well as benefited from the rise in the base rates.

Exhibit 5
ISB has maintained strong recurring profitability supported by higher rates
Profitability ratio and margin



Notes: NIM: net interest margin
Source: Moody's Ratings

ISB's net interest income (the main source of revenues for the bank) increased by 21% year on year as of half-year 2026, due to a gradual increase in interest rates. The key interest rate was increased to 8% in August 2026, down from its peak of 9.25% August-October 2023, but following thirteen consecutive rate hikes since the ultralow rate level of 0.75% seen in the first half of 2021. The net interest margin was 3.7% in the first six months of 2026, (full-year 2025: 3.1%), as the inflation imbalance increased following the high inflation levels in the first half of 2026.

ISB has a moderate level of net fee and commission income (NFCI) which benefits from a good degree of diversification. Payment and processing fees remain the dominant income driver at approximately 26% of total NFC for H1 2026I, followed by asset management, brokerage and corporate investment banking, and other fee and commission income (through insurance services via partnership with Allianz) contributing largely at similar levels at 9% while remaining are fees from loans and guarantees.

ISB benefits from good cost control, which compares favorably to domestic peers. The bank targets a cost-to-income (C/I) of 43% versus 41% reported for the first half of 2026. Total operating expenses increased to ISK17 billion in the first six months of 2026, compared to 15.5 billion for the same period in 2025, largely due to wage increase in response to the high level of inflation, the introduction of a variable compensation scheme, and continued investments in IT and strategic projects. We expect the bank's C/I ratio to remain within target going forward, despite wage inflation, as investments in the business are expected to result in increased revenues and long-term efficiency gains.

Good funding profile with a granular deposit base and longer-dated wholesale funding, but also moderate reliance on foreign wholesale funding

We assign baa1 for funding structure that reflects our Less Stable Funds[1] to Tangible Banking Assets ratio of 14.1%, which we consider to be Strong, and reflects the bank's solid funding profile, supported by a granular and stable deposit base and longer-dated wholesale instruments. However, a portion of the bank's market funding comes outside of the domestic market, though provides funding diversification we view it as more confidence-sensitive, which is reflected in our negative adjustment.

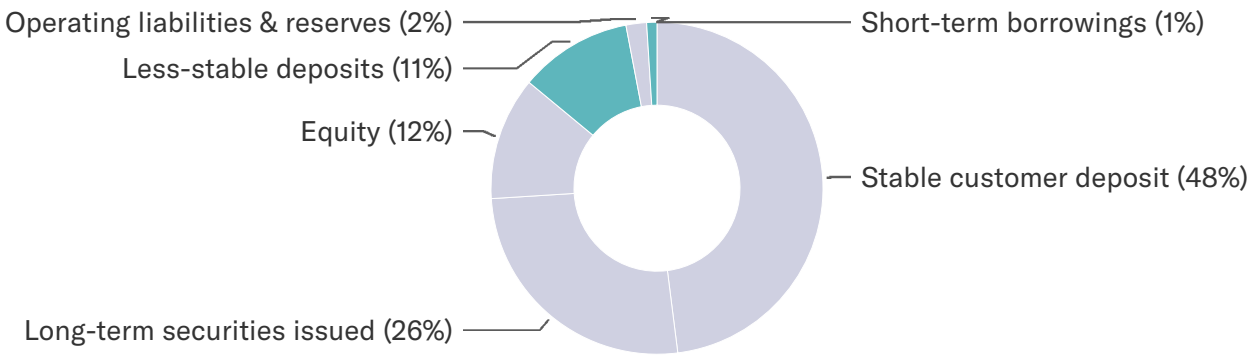
ISB's has a diversified funding structure where around 66% of all non-equity funding comprised of deposits as of end of June 2026, out of which 44% are covered by the deposit guarantee scheme. As of June 2026, less stable funds were 12.4% of tangible banking assets. Despite only 11% of deposits being term deposits with 3 months or more until maturity, we consider ISB's deposit base as stable due to the closed nature of the Icelandic banking sector, with no international banks offering banking services in ISK. The bank's funding mix additionally benefits from senior unsecured and covered bonds, as well as from funding mix in foreign currency (FX) and domestic issuances.

Even though senior debt (which is mainly in foreign currency), provides access to a wider investor base, it also exposes the bank to changes in investor sentiment in times of market stress. The domestic unsecured debt markets have been growing; if the trend

continues, a higher share of domestic investors will, with time, reduce this risk. Furthermore, the bank also has a Covered Bond program, which we view as a more stable source of funding, and the issuances are primarily done in local currency.

In 2022, the bank started also issuing covered bonds in the international markets, which, although it provides diversification in its investor base, it also increases somewhat the FX risk due to the absence of international counterparties to provide currency swaps for these issuances. However, FX debt issuances broadly match FX lending needs as well as the bank's FX assets held in the liquidity portfolio, and the net position is closely monitored and managed to zero.

Exhibit 6
ISB has a diverse mix of funding
Breakdown of liabilities as of June 2026

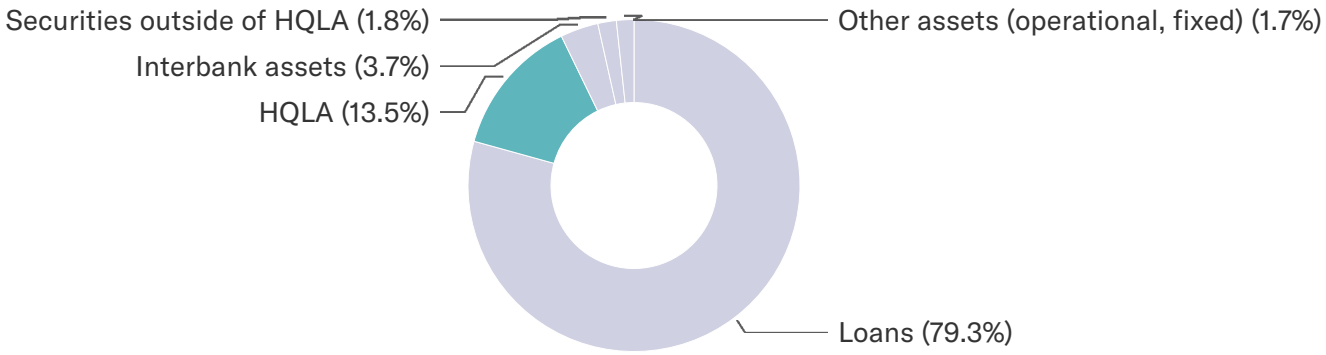


Notes: Less-stable funds comprise short-term borrowings and less-stable deposits. Short-term borrowings include all short-term wholesale borrowings, including the portion of long-term debt that matures in less than one year. For banks that report LCR, we calculate Less-stable deposits as follows: the sum of weighted deposit outflow components as reported in the bank's LCR disclosure.
Source: Moody's Ratings

Strong liquidity supported by sizeable liquid assets and robust regulatory buffers

We assign a baa3 score for liquid resources that reflects our Core Banking Liquidity to Tangible Banking Assets ratio of 13.2%, which we consider to be Moderate, and reflects bank's sound liquidity, with liquid assets, consisting of mostly of cash and deposits with the central bank and government bonds, accounting for 14% of tangible banking assets as of June 2026. The bank reported a strong Basel III LCR ratio of 188% in June 2026, consisting of a Euro LCR of 532% and a Icelandic Króna LCR of 151%, well above the regulator's minimum requirements of a total LCR of 100%, a Euro LCR of 80%, and a minimum Icelandic Króna LCR of 50%.

Exhibit 7
ISB maintains strong liquidity buffers
Breakdown of assets as of June 2026



Notes: For banks that report high quality liquid assets (HQLA), we use HQLA, as reported in the bank's financial statements or regulatory reports, as the numerator of the core banking liquidity ratio.
Source: Moody's Ratings

ISB's operations are supported by its Strong- weighted macro profile

We assign a Strong - weighted Macro Profile to ISB, reflecting its entire exposure to the Iceland. The bank has only small international exposures, the Arctic region amounting to less than 1% of the group's assets.

Qualitative adjustments

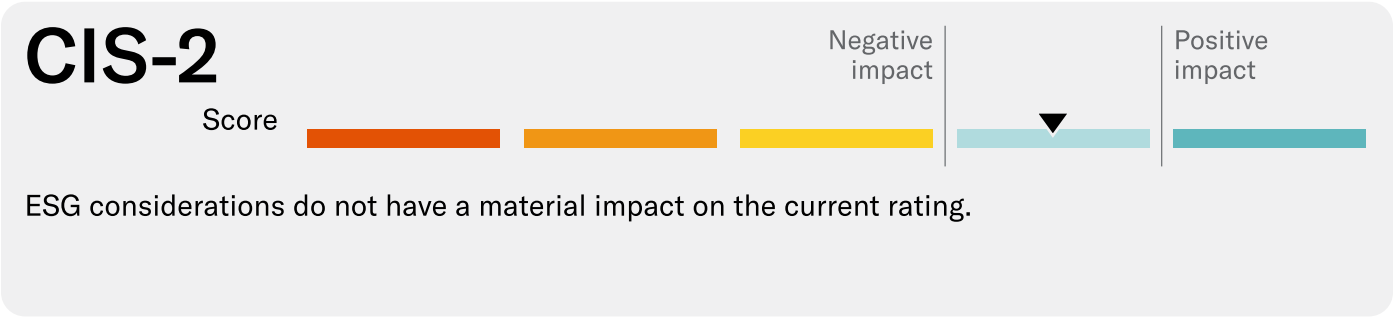
The business is concentrated in one small country

We assign a BCA of baa2 that includes a minus one qualitative adjustment for business diversification to reflect the high geographic concentration of revenue and risks to Iceland. We view the country as small size and with limited economic diversification, which could create a risk of contagion in the event of sector-specific shocks.

ESG considerations

Islandsbanki hf.'s ESG credit impact score is CIS-2

Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Islandsbanki hf. (ISB)'s **CIS-2** indicates that ESG considerations do not have a material impact on the current rating.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

ISB faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is exposed to mounting business risks and stakeholder pressure to meet broader carbon transition goals. Consequently, ISB is actively engaging in optimizing its loan portfolio longer-term toward less carbon intensive assets.

Social

ISB faces moderate social risks mainly related to customer relations . The bank's developed policies and procedures mitigate conduct risk associated with the distribution of financial products such as regulatory and reputational risks, as well as exposure to litigation. Continued investments in technology and the bank's long track record of handling sensitive customer data, as well as appropriate culture and governance that ensure adherence to regulatory standards, help to manage high cyber and personal data risks. ISB benefits from Iceland's more favourable demographic profile with growing young population, relative to many other countries, which supports business opportunities for the bank.

Governance

ISB faces low governance risks, with its risk management framework in line with industry practices. ISB is fully listed, with no relevant ownership concentration following the full divestment of the Government's stake in May 2025.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

Islandsbanki is domiciled in Iceland, which we consider an operational resolution regime (ORR). Thus, we apply our advanced Loss Given Failure (LGF) analysis, using our standard assumptions.

Our LGF analysis indicates that ISB's deposits and senior unsecured debt are likely to face extremely and very low loss given failure, respectively, because of the loss absorption provided by subordinated debt, and the volume of deposits and senior debt themselves, resulting in a three-notch uplift for the long-term deposit and a two-notch uplift for the senior unsecured debt ratings from the bank's adjusted BCA.

Subordinated debt issued by ISB is likely to face high loss given failure, resulting in a rating one notch below with the adjusted BCA, reflecting the low volume of more junior debt and the residual equity that we expect in a resolution scenario. For non-cumulative bank preference shares (the Additional Tier 1 notes) we also include two additional negative notching to reflect the instruments' features, resulting in a rating that is three-notches below the bank's adjusted BCA.

Government support considerations

We incorporate a Low probability of government support for ISB's deposits and senior unsecured bank debt, which results in no notches of uplift. Our assumption reflects the lack of government support to the financial sector during the 2008 financial crisis.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 10

Rating Factors

Macro Factors						
Weighted Macro Profile	**Strong -**	**100%**				

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.6%	a3	↔	baa2	Sector concentration	Asset Composition
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.8%	a2	↔	a2	Expected trend	
Profitability						
Net Income / Tangible Assets	1.5%	a3	↓↓	baa1	Expected Trend	
Combined Solvency Score		a3		baa1		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	14.1%	a3	↔	baa1	Limited market access	
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	13.2%	baa3	↔	baa3	Expected trend	
Combined Liquidity Score		baa1		baa2		
Financial Profile		a3		baa1		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				-1		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				A1		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				0		
Adjusted BCA				baa2		

Balance Sheet	in-scope (ISK Million)	% in-scope	at-failure (ISK Million)	% at-failure
Other liabilities	436,378	24.4%	542,275	30.4%
Deposits	1,038,206	58.1%	932,309	52.2%
Preferred deposits	768,272	43.0%	729,859	40.9%
Junior deposits	269,934	15.1%	202,450	11.3%
Senior unsecured bank debt	220,596	12.4%	220,596	12.4%
Dated subordinated bank debt	20,120	1.1%	20,120	1.1%
Preference shares (bank)	16,705	0.9%	16,705	0.9%
Equity	53,567	3.0%	53,567	3.0%
Total Tangible Banking Assets	1,785,572	100.0%	1,785,572	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	28.8%	28.8%	28.8%	28.8%	3	3	3	3	0	a2
Counterparty Risk Assessment	28.8%	28.8%	28.8%	28.8%	3	3	3	3	0	a2 (cr)
Deposits	28.8%	5.1%	28.8%	17.4%	2	3	3	3	0	a2
Senior unsecured bank debt	28.8%	5.1%	17.4%	5.1%	2	2	2	2	0	a3
Junior senior unsecured bank debt	5.1%	5.1%	5.1%	5.1%	0	0	0	0	0	baa2
Dated subordinated bank debt	5.1%	3.9%	5.1%	3.9%	-1	-1	-1	-1	0	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	0	A2	A2
Counterparty Risk Assessment	3	0	a2 (cr)	0	A2(cr)	
Deposits	3	0	a2	0	A2	A2
Senior unsecured bank debt	2	0	a3	0	(P)A3	A3
Junior senior unsecured bank debt	0	0	baa2	0	(P)Baa2	(P)Baa2
Dated subordinated bank debt	-1	0	baa3	0	(P)Baa3	(P)Baa3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 11

Category	Moody's Rating
ISLANDSBANKI HF.	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
Senior Unsecured	A3
Junior Senior Unsecured MTN	(P)Baa2
Subordinate MTN	(P)Baa3

Source: Moody's Ratings

Endnotes

1 Comprises short-term borrowings and at-risk deposits calculated per the banks LCR outflow assumptions - (Short-term borrowings including long term debt with maturities less than one year) + (Trading liabilities) + (Other financial liabilities at fair value) + (Due to financial institutions)

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