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Ratings

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Landsbankinn hf.

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Landsbankinn hf.

SACP	bbb

\+

Support	0

\+

Additional Factors	0

Anchor	bbb-	
Business Position	Adequate	0
Capital and Earnings	Very Strong	+2
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB/Stable/A-2

Major Rating Factors

Strengths:	Weaknesses:
• Very high capital and leverage ratios. • Stable and solid domestic franchise, with larger market shares. • Limited wholesale refinancing needs.	• Relatively high exposure to tourism and commercial real estate weigh on asset quality. • Few diversification opportunities in Iceland's economy. • Weak profitability prospects.

Outlook: Stable

The stable outlook indicates that we expect a sharp economic contraction in Iceland associated with COVID-19 to impair the bank's profitability, causing return on equity to remain at 2%-4% over the next two years and asset quality to deteriorate so that Landsbankinn's nonperforming assets (NPA) ratio is likely to rise above 5%, from 3% as of December 2019.

At the same time, we acknowledge that Landsbankinn has a higher market share and slightly better efficiency than domestic peers. During the next two years, we anticipate that its risk-adjusted capital (RAC) ratio will remain above 15%, on the back of moderate loan growth and contained dividend payments. We also factor in our base case that the bank will improve its local currency liquidity metrics as planned, in line with its peers.

We could lower the ratings on Landsbankinn if the economic environment in Iceland becomes even more difficult, causing profitability prospects for banks to weaken for a prolonged period, alongside declining capitalization, with RAC ratio falling below 15%, and worsening asset quality.

Although unlikely in the current environment, we could raise our ratings on Landsbankinn if it proves able to strengthen significantly the performance of its returns, efficiency, and risk profile above domestic peers, with no further widening of the gap it has with foreign peers.

Rationale

Our rating on Landsbankinn reflects its relatively high capitalization level and solid market position in Iceland. We also note the bank's material exposure to sectors heavily exposed to the pandemic and concentration in a small and economically volatile country, which results in higher cost of risk compared with Nordic peers.

We expect the bank's risk-adjusted capital (RAC) ratio to remain above 15% over the coming 24 months, which should absorb the negative impact of the severe economic downturn expected in 2020 and counterbalance its loan book concentrations.

Said that, we expect the bank's asset quality indicators to deteriorate in the coming two years--after a decade-long balance sheet clean-up--as a result of the COVID 19 pandemic's effect on the local economy, in particular tourism and commercial real estate.

Landsbankinn's funding and liquidity metrics are currently at a comfortable level, although slightly below peers', and they remain a neutral rating factor.

Anchor: 'bbb-' for banks operating primarily in Iceland

We use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. We recently lowered our BICRA for Iceland's banking sector to '5' from '4', based on an economic risk score of '4' and an industry risk score of '6'. The anchor for a commercial bank operating only in Iceland is 'bbb-'.

Our view of the economic risks trend that Icelandic banks face is now negative. The banks face an economic recession in 2020, with GDP declining by more than 7%. The longer and deeper the economic contraction, the more it could impair Icelandic banks' asset quality, increase credit losses, reduce business and revenue generation, and potentially erode its capital. The banks' structural exposures to local small and midsize enterprises (SMEs)--including tourism and commercial real estate, which we view as more vulnerable in the current context--and their exposure to commercial real estate and construction sector (about 20% loan book) increase the risks. We generally consider that small-to-midsize banks with loan concentrations to SMEs in regions that are strongly affected by the COVID-19 pandemic are most susceptible to the deteriorating environment in the short term.

We have a more conservative view on overall banking industry risks in Iceland. The sharp reduction in economic activity in 2020 will exacerbate the domestic banking industry's structural weaknesses, such as generally low profitability. In a fiercely competitive environment, distorted by the role of pension funds in lending, with declining interest rates and increasing provisions, Icelandic banks' business prospects and earnings in the short-to-medium term are bleak. At the same time, credit provisions will increase materially as the effects of the COVID-19 pandemic build. We expect the total amount of nonperforming assets on average loans to exceed 5% in the next two years, from about 3% in 2019.

However, Icelandic banks enter the recession with a solid domestic franchise and a stronger balance sheet compared to the last financial crisis. Moreover, the banks are well prepared for a more pronounced tech disruption in the sector, owing to substantial investments in digitalization.

We consider Icelandic banks' funding and liquidity metrics to be adequate for their risk profiles and in line with their international peers'. Specifically, their wholesale funding needs are limited in 2020, which, coupled with dividend payment cancellations and the recently announced additional central bank liquidity facilities, eases pressure on liquidity needs.

We understand Iceland has made progress in multiple areas to strengthen its anti-money laundering and financial crime framework, and we think government initiatives should allow the country to come off the Financial Action Task Force (FATF) "grey list", to which it was added in 2019.

We now see the trend for industry risk in Iceland as stable over our 24-month horizon.

Table 1

Landsbankinn hf. -- Key Figures

		--Year ended Dec. 31--			
Mil. ISK	**2020***	**2019**	**2018**	**2017**	**2016**
Adjusted assets	1,520,964	1,424,032	1,323,419	1,189,826	1,108,523
Customer loans (gross)	1,196,432	1,140,388	1,067,667	941,826	874,368
Adjusted common equity	238,036	230,363	227,066	230,011	235,591
Operating revenues	8,684	56,391	50,037	51,605	47,879
Noninterest expenses	6,314	23,581	23,453	23,850	23,514
Core earnings	(3,628)	18,677	17,399	18,813	19,163

*Data as of March 31, 2020. ISK--Icelandic krona.

Business position: Largest universal bank in Iceland

Our view of Landsbankinn's business position reflects its leading market share in primary business lines such as corporate and retail banking, asset management, and corporate finance. Landsbankinn has traditionally been the leading corporate bank in Iceland, and it has gradually gained a dominant role in the domestic retail mortgage space too, mainly by taking shares from the state-owned Housing Financing Fund. As such, we calculate that Landsbankinn has reached a share of about 22% of the Icelandic residential mortgage market, the highest in the country.

The bank has diverse revenue from retail banking, including consumer finance, midsize and large corporate activities, wealth management, and trading activities. However, the small domestic economy limits diversification prospects, in our view.

Although Landsbankinn's leading market position has translated into stronger profitability results compared to domestic peers, the management targets of return on equity (ROE) above 10% and cost-to-income below 45% will be difficult to achieve in the medium term due to the COVID-19 pandemic.

In our view, the bank is well prepared to weather technological disruption in the banking sector. Although the bank operates the largest network in the country by number of branches and employees, it continues focusing on its digital key performance indicators. These include digital client onboarding, saving products, and loan offers. In our view, Landsbankinn is creating an advanced digitalized bank and is well placed to reap the benefit of open banking, although PSD2 has not yet been implemented into Icelandic law.

The bank has no public policy role and the government is not involved in its management and strategy, despite the 98.2% ownership share held by the Icelandic government. The government plans to reduce its stake in the bank to 34%-40% over time-- although no official timeline has been disclosed, we do not expect any material divestments over our two-year outlook horizon. We think the government will withdraw its ownership from Landsbankinn in stages, and we assume that the government does not intend to hold a majority stake in the bank over the longer term.

Table 2

Landsbankinn hf. -- Business Position					
		--Year ended Dec. 31--			
%	2020*	2019	2018	2017	2016
Loan market share in country of domicile	N/A	28.0	26.8	25.7	24.0
Deposit market share in country of domicile	N/A	35.2	36.6	34.1	34.5
Total revenue from business line (mil. ISK)	8,684	56,394	53,687	52,947	49,018
Commercial banking/total revenue from business line	53.3	34.7	36.4	33.2	31.2
Retail banking/total revenue from business line	57.2	38.3	34.1	35.8	38.2
Commercial and retail banking/total revenue from business line	110.6	73.0	70.5	69.0	69.4
Trading and sales income/total revenue from business line	(21.6)	19.3	15.9	15.8	17.5
Other revenue/total revenue from business line	11.1	7.7	13.6	15.1	13.1
Return on average common equity	(5.9)	7.5	7.9	7.9	6.5

*Data as of March 31, 2020. ISK--Icelandic krona. N/A--Not applicable.

Capital and earnings: High capital ratio is a supportive factor in challenging times

We view Landsbankinn's capital level as a positive rating factor. Furthermore, we expect the bank to put capital optimization plans on hold for 2020 given the COVID-19 pandemic. The RAC ratio stood at 17.61% as of year-end 2019, compared to 18.03% at year-end 2018, mainly as a result of an increasing loan book, partly offset by the decision to stop dividend payments on 2019 profits. We expect the RAC ratio to decline slightly to about 17% by 2021, assuming no dividends in 2020, before increasing to about 30% of net profits in 2022. Although there is great uncertainty regarding credit loss levels for the coming two years, we expect cost of risk to increase to about 100 basis points (bps) in 2020 and then decline toward 70bps in 2021, from 44bps at year-end 2019.

We base our capital forecasts on the state-ownership of the bank and regulatory capital requirements. Specifically, we expect the government will remain Landsbankinn's majority shareholder and keep a cautious stance on capital. Moreover, the regulatory capital requirements in Iceland remain high relative to other European countries, mostly due to the concentrated and volatile nature of the Icelandic economy. We note that Landsbankinn's 24.8% total capital ratio as of March 2020--Common Equity Tier 1 ratio of 22.7%--remains well above the requirement of 18.8%. Furthermore, the bank has an outstanding leverage ratio of about 15.7% as of December 2019, compared with its European peers (6%-7%).

Specifically, we still expect Landsbankinn to issue capital instruments in the coming years to optimize its capital base. In December 2019, Landsbankinn issued a Tier 2 subordinated bond and we expect it to tap the market for an Additional Tier 1 instrument in the next two years, if the market allows it.

We expect Landsbankinn's profitability will decline materially over the forecast horizon, with return on equity of about 2%-4% in the next two years. The central bank has reduced the key reference rate to 1.0% from 4.5% in May 2019--this, combined with declining volume growth and intense competition, will materially compress loan margins, leading to net interest income declining in 2020. However, the main drag on the bottom line will be the loan impairments. The results in the first quarter support this view as the cost of risk jumped to 180bps and led the bank to report a net loss. We note positively that Landsbankinn has a relatively strong efficiency ratio of 42% as of December 2019, and we expect the bank to maintain a flat cost base, which will partly offset the pressure on revenue.

Landsbankinn's earnings buffer, which measures the capacity for a bank's earnings to cover normalized losses, was 190bps at year-end 2019. We expect this to weaken to 80-90bps in the coming two years as a result of a worse performance outlook.

Table 3

Landsbankinn hf. -- Capital And Earnings

		--Year ended Dec. 31--			
%	**2020***	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	22.7	23.9	23.6	26.3	29.7
S&P Global Ratings' RAC ratio before diversification	N/A	17.6	18.0	19.4	19.3
S&P Global Ratings' RAC ratio after diversification	N/A	12.1	12.5	13.9	13.3
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenue	108.6	70.3	81.6	70.3	72.4
Fee income/operating revenue	22.4	14.6	16.3	16.3	16.3

Table 3

Landsbankinn hf. -- Capital And Earnings (cont.)

		--Year ended Dec. 31--			
%	**2020***	**2019**	**2018**	**2017**	**2016**
Market-sensitive income/operating revenue	(29.3)	10.6	0.3	8.6	3.3
Noninterest expenses/operating revenue	72.7	41.8	46.9	46.2	49.1
Preprovision operating income/average assets	0.6	2.4	2.1	2.4	2.2
Core earnings/average managed assets	(1.0)	1.4	1.4	1.6	1.7

*Data as of March 31, 2020. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Landsbankinn hf. -- Risk-Adjusted Capital Framework

Mil. ISK	**Exposure***	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global Ratings' RWA**	**Average S&P Global Ratings' RW (%)**
Credit risk					
Government and central banks	160,357	2,850	2	3,610	2
Institutions and CCPs	47,724	9,625	20	9,224	19
Corporate	659,968	588,013	89	659,333	100
Retail	522,038	244,800	47	256,692	49
Of which mortgage	386,811	151,663	39	140,573	36
Securitization§	0	0	0	0	0
Other assets†	47,761	44,975	94	58,320	122
Total credit risk	1,437,848	890,263	62	987,180	69
Credit valuation adjustment					
Total credit valuation adjustment	--	100	--	0	--
Market risk					
Equity in the banking book	18,023	18,025	100	190,792	1,059
Trading book market risk	--	11,750	--	17,625	--
Total market risk	--	29,775	--	208,417	--
Operational risk					
Total operational risk	--	100,394	--	112,461	--
		Basel III RWA		**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	1,020,531	--	1,308,057	100
Total diversification/concentration adjustments	--	--	--	590,698	45
RWA after diversification	--	1,020,531	--	1,898,755	145
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		244,091	23.9	230,363	17.6

Table 4

Landsbankinn hf. -- Risk-Adjusted Capital Framework (cont.)				
Capital ratio after adjustments‡	244,091	23.9	230,363	12.1

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). ISK -- Iceland Krona. RAC--Risk-adjusted capital. RW--Risk weight. RWA--Risk-weighted assets. Sources: Company data as of Dec. 31 2019, S&P Global Ratings.

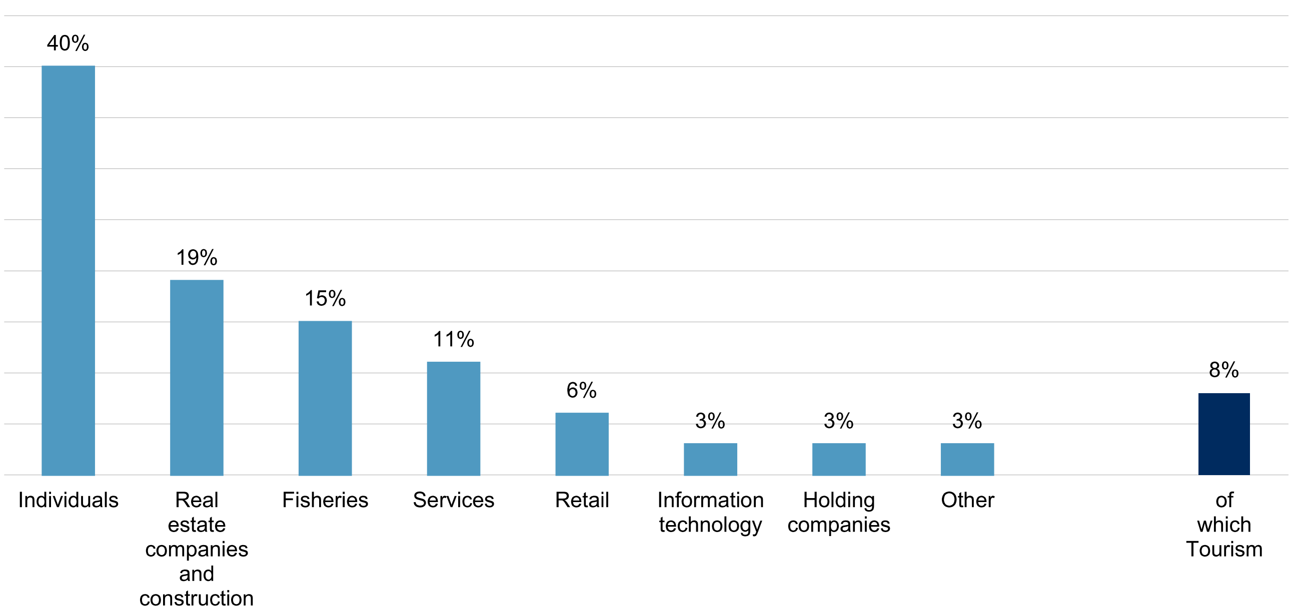
Risk position: Concentration risks remain while asset quality deteriorates

Our view of Landsbankinn's risk position mainly reflects its geographic concentration in a relatively volatile economy. This is a weakness compared with peer banks with a similar economic risk and anchor, not fully captured by our standardized capital calculation, which the COVID-19 crisis would exacerbate.

Although Landsbankinn, along with the other major banks in the domestic market, entered the pandemic with a relatively clean balance sheet--the NPL ratio was 3.1% as of March 2020--we expect it to increase to 5.5% next year, with coverage of about 35%. Specifically, we consider the total NPL coverage ratio to be relatively low, albeit partly compensated by the sizable collateralization levels.

Chart 1

Landsbankinn hf. -- Loan Book Is Heavily Exposed To Real Estate And Tourism
Loan portfolio composition

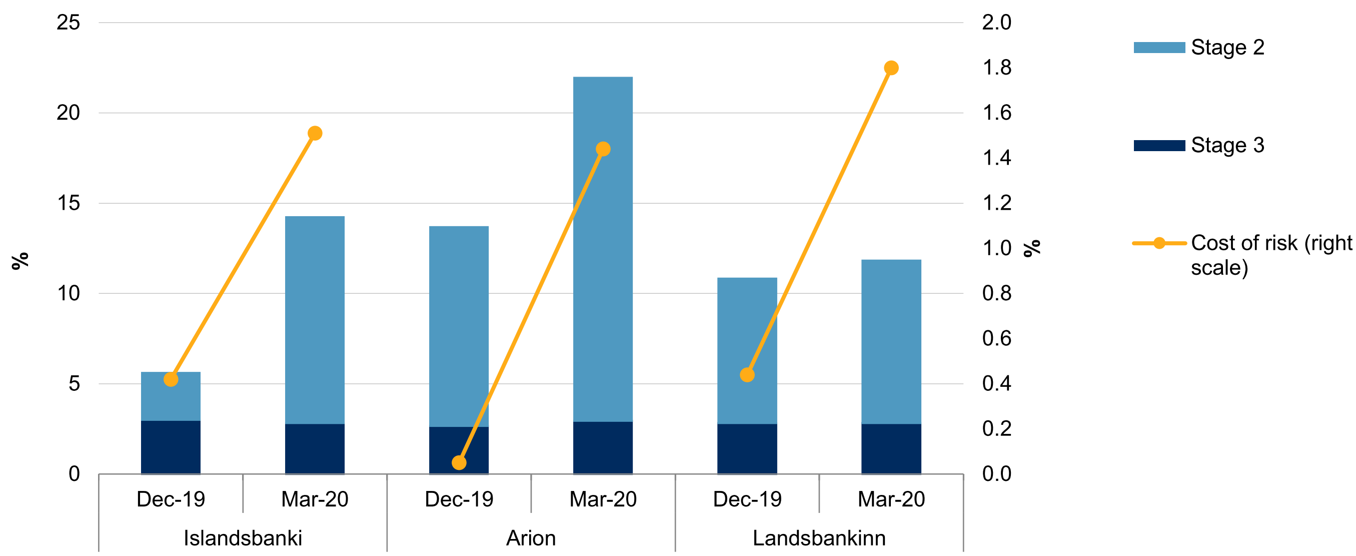


Note: Tourism spans several sectors such as real estate and services, for example. Source: Landsbankinn, as of March 31, 2020.

Given Landsbankinn's large market shares in retail and SME lending, we think the bank's risk profile remains highly correlated to the domestic economy. Landsbankinn's loan book is primarily focused on retail loans (40% of total loans, of which 33% mortgages), real estate and construction (19%), and fishing/seafood (15%). Exposure to tourism accounts for about 8.5% of total loans--this includes hotels, transportation, and other services. This sector is prone to volatility and is especially vulnerable at this point amid global travel restrictions. The sector has experienced strong wage inflation and investments in recent years, while the consolidation has not been material. Hence, the pre-COVID-19 vulnerability triggers asset quality concerns. Unlike other domestic peers, Landsbankinn has not reclassified the exposure to tourism in the watchlist category (Stage 2). However, they took material general provisions to build up reserves ahead of potential loan book deterioration.

Chart 2

Impaired Loans Breakdown Shows A Sharp Increase In Watchlist
NPLs (stage 3) and watchlist (stage 2)



NPL--Nonperforming loan. Source: S&P Global Ratings.

At the same time, the bank has a high share of lending to construction companies, which are generally more sensitive to swings in the economic development compared with other industries in Landsbankinn's portfolio.

Landsbankinn has higher large exposure concentrations relative to domestic peers, and we note that the Pillar 2 regulatory requirement set by the Icelandic FSA is also higher than for domestic peers. We consider that this is due to the higher exposure to real estate, equity holdings--12% of total adjusted capital--and larger consumer price index imbalances.

Following the recent Icelandic krona depreciation, foreign currency lending represents 36% of the corporate loan book as of March 31, 2020. However, the bank mitigates this risk by granting credit to customers with income or assets in foreign currency. This mainly includes the fishing and transportation industries and modest exposure to nondomestic companies.

Table 5

Landsbankinn hf. -- Risk Position

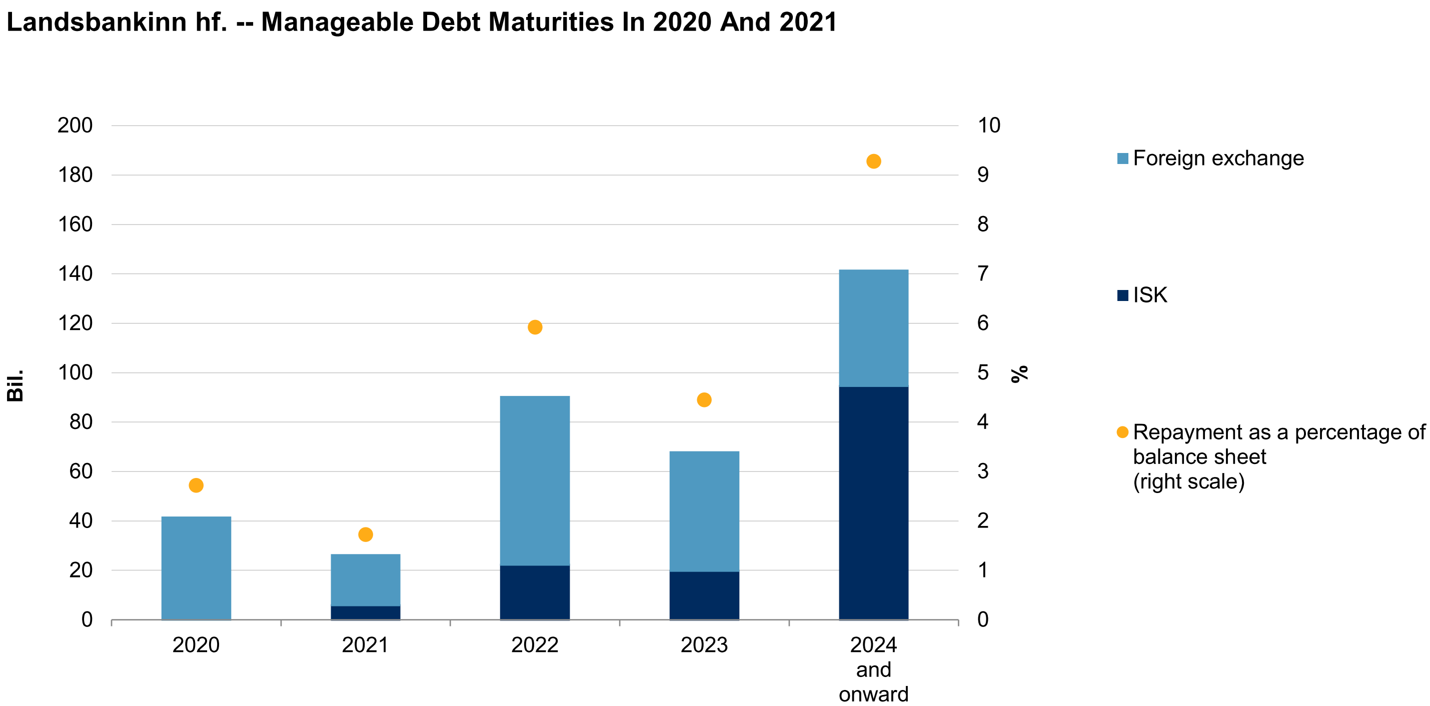
		--Year ended Dec. 31--			
%	**2020***	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	19.6§	6.8	13.4	7.7	3.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	45.2	44.4	39.7	45.6
Total managed assets/adjusted common equity (x)	6.4	6.2	5.8	5.2	4.7
New loan loss provisions/average customer loans	1.8	0.4	(0.0)	(0.1)	(0.6)
Net charge-offs/average customer loans	0.1	0.3	0.4	0.5	0.9
Gross nonperforming assets/customer loans + other real estate owned	3.1	3.1	3.0	3.6	5.0
Loan loss reserves/gross nonperforming assets	54.4	42.5	40.4	47.0	47.1

*Data as of March 31, 2020. §Annualized figure. N/A--Not applicable. RWA--Risk-weighted assets.

Funding and liquidity: Limited wholesale debt maturities and normalizing liquidity metrics

Our assessment reflects that Landsbankinn is predominantly funded by customer deposits, which constitute about 60% of total funding as of March 2020. We consider these to be a stable source of funding. Although the loan-to-deposit ratio--about 160% as of March 2020--remains high compared with international peers', the bank relies on stable sources of wholesale financing, primarily covered bonds and senior unsecured issues. Landsbankinn's stable funding ratio was at 107% at December 2019, an increase from 103% at the end of 2018. We view the potential pressure on funding and liquidity for Landsbankinn to be contained, in part due to manageable debt maturities in foreign currency coming due in 2020 and 2021.

Chart 3



Repayment as a percentage of balance sheet is defined as maturing debt divided by total assets.
ISK--Icelandic krona. Source: Landsbankinn, as of March 31, 2020.

Landsbankinn's liquidity position is set to remain comfortable, given no dividend payments for 2019, low upcoming debt instruments maturities, and moderate loan growth. Our measure of liquidity, broad liquid assets to short-term wholesale funding (BLAST), increased to 2.16x in December 2019 from 1.45x in December 2018, and we expect this to stabilize close to the current level in the next 12-24 months. That said, we note that the BLAST ratio is somewhat lower than domestic peers'. Furthermore, although the bank's regulatory liquidity coverage ratio LCR in Icelandic krona improved to 96% in March 2020 from 61% at year-end 2019, this is still somewhat lower than the ratios for Islandsbanki and Arion Bank.

As a precautionary measure, the central bank of Iceland has reduced the counter-cyclical buffer to 0% from 2% and the average reserve requirement to 0% from 1%. It has also widened the collateral definition for repurchase agreement transactions, which should further ease the liquidity profile.

Table 6

Landsbankinn hf. -- Funding And Liquidity

		--Year ended Dec. 31--			
%	**2020***	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	61.2	61.4	65.4	65.8	70.7
Customer loans (net)/customer deposits	155.8	159.0	152.2	153.0	144.7

Table 6

Landsbankinn hf. -- Funding And Liquidity (cont.)					
		--Year ended Dec. 31--			
%	2020*	2019	2018	2017	2016
Long-term funding ratio	92.2	92.6	88.9	94.5	93.7
Stable funding ratio	106.4	107.3	102.7	111.2	110.7
Short-term wholesale funding/funding base	9.3	9.0	13.6	7.0	8.1
Broad liquid assets/short-term wholesale funding (x)	2.2	2.2	1.4	3.3	2.9
Net broad liquid assets/short-term customer deposits	18.2	17.4	9.6	24.9	23.0
Short-term wholesale funding/total wholesale funding	24.0	23.3	39.2	20.5	27.7
Narrow liquid assets/three-month wholesale funding (x)	4.2	2.1	2.1	5.3	4.2

*Data as of March 31, 2020.

Support: Government support for Icelandic banks is uncertain

We expect the government will gradually decrease its ownership stake in Landsbankinn from its current level of 98.2%. According to its ownership policy, the government plans to retain a minority stake of 34%-40% over the long term. As such, we do not consider Landsbankinn to be a strategic government-related entity for Iceland. Although we regard the bank as having high systemic importance, we add no uplift to the stand-alone credit profile (SACP) because we think future extraordinary government support is uncertain. This reflects the Icelandic government's track record of not providing support for senior creditors and its improved, but still limited, capacity to support the country's new, smaller banking system in the event of severe financial stress.

At present, we do not regard the bank resolution framework as effective. As such, our ratings on Icelandic banks do not take into consideration any additional loss-absorbing capacity. We regard the current framework as open-ended, but the authorities' method of dealing with failing banks so far indicates a tendency to safeguard depositors rather than senior unsecured creditors, in our view. In June 2018, the Icelandic parliament passed a bill that incorporates into local legislation part of the EU's Banking Recovery And Resolution Directive (BRRD) provisions, including recovery plans, early interventions, and intra-group support. Over the next 12 months, we expect Iceland to finalize the BRRD implementation and, with it, bail-in powers that could lead us to change our view of the bank's support.

Hybrid ratings

We rate Landsbankinn's subordinated debt 'BB+', two notches below the bank's 'bbb' SACP. We deduct one notch due to the instruments' subordination to senior creditors' claims, and another notch because the instruments are available to absorb losses at the point of nonviability of the bank via statutory loss absorption. Given the lack of going-concern loss absorption, we are not including the instruments in our calculation of the total adjusted capital.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Research Update: Iceland 'A/A-1' Ratings Affirmed; Outlook Remains Stable, May 15, 2020
- Three Icelandic Banks Downgraded On Weaker Business Prospects And Effect Of COVID-19; Outlooks Stable; April 24 2020
- Tech Disruption In Retail Banking: Nordic Techies Make Mobile Banking Easy, Feb. 4, 2020
- Nordic Banks' Capital And Earnings Can Weather The Weakening Credit Cycle, Nov. 14, 2019
- Bulletin: Banking Industry Country Risk Assessment For Iceland Unaffected By The Country's FATF Grey Listing, Oct. 23, 2019
- Banking Industry Country Risk Assessment: Iceland, Sept. 17, 2019

Anchor Matrix

Industry Risk	**Economic Risk**									
	1	2	3	**4**	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	**bbb-**	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of May 26, 2020)*	
Landsbankinn hf.	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Short-Term Debt	A-2
Subordinated	BB+
Issuer Credit Ratings History	
24-Apr-2020	BBB/Stable/A-2
23-Jul-2019	BBB+/Negative/A-2
25-Oct-2017	BBB+/Stable/A-2
25-Oct-2016	BBB/Positive/A-2
21-Jul-2015	BBB-/Positive/A-3
Sovereign Rating	
Iceland	A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.