

Research Update:

Iceland 'A/A-1' Ratings Affirmed; Outlook Remains Stable

May 15, 2020

Overview

- We project Iceland's economy will contract by 7.5% in 2020, reflecting COVID-19's significant blow to the country's large tourism sector.
- Authorities' policy response to the COVID-19 pandemic has included extensive testing and substantial fiscal and monetary stimulus packages, among other measures.
- In our view, Iceland's modest net general government debt enables authorities to comfortably respond to COVID-19 fallout and the economic downturn.
- We are affirming our 'A/A-1' sovereign credit ratings on Iceland. The outlook remains stable.

Rating Action

On May 15, 2020, S&P Global Ratings affirmed its 'A/A-1' long- and short-term foreign and local currency sovereign credit ratings on the Republic of Iceland. The outlook remains stable.

Outlook

The stable outlook reflects our view that Iceland's strong fiscal and balance of payments buffers leave the authorities room for policy response over the next two years, while capturing that the country's small and open economy remains exposed to high COVID-19-related risks.

Downside scenario

We could lower the ratings on Iceland if COVID-19 fallout became more pronounced than we currently anticipate. This could occur, for instance, due to a longer-lasting, more severe impact on Iceland's tourism sector, depressing growth rates over a prolonged period. This, in turn, could hinder the country's fiscal and balance of payments positions.

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Upside scenario

We could raise the ratings on Iceland if its fiscal performance and external position significantly strengthened beyond our current projections. A quicker economic recovery than expected could support lower net external leverage and reduce external vulnerabilities.

Rationale

We expect the ongoing coronavirus pandemic will knock Iceland's economy back in 2020 and the impact will be particularly visible in the country's large tourism sector. We now expect the economy to contract by 7.5% in 2020 before recovering partially by 4.8% in 2021. Importantly, Iceland has substantially reduced public leverage and accumulated high net central bank foreign exchange reserves over the past few years. As of end-2019, net general government debt amounted to 28% of GDP, down from almost 80% in 2011. We think this provides the authorities room to implement policies that soften the impact of COVID-19 on the Icelandic economy.

Our ratings on Iceland remain supported by the country's stable institutional framework and effective policymaking. The ratings remain constrained by the volatile nature of the domestic economy and limited effectiveness of monetary policy, given the strong influence of external developments on domestic inflation trends.

Institutional and economic profile: Iceland will likely see a deep recession this year and only partial recovery in 2021

- Iceland's economy will contract by 7.5% of GDP this year before returning to growth of 4.8% in 2021.
- COVID-19-related repercussions on Iceland's tourism industry, which represented about 9% of the national GDP in 2019, might weigh on the country's economic recovery prospects.
- To combat the economic distresses stemming from the COVID-19 pandemic, Icelandic authorities have used a collaborative approach to swiftly roll out policies that encompass an extensive testing regime and several economic support measures.

The Icelandic authorities' timely response to the COVID-19 pandemic included quick enforcements of quarantine measures and one of the most comprehensive testing regimes globally. Currently, about 16% of the total population has been tested, and the number of active cases has dropped significantly to below 20 from a peak of over 1,000 in early April.

Still, we expect the pandemic will take a heavy toll on Iceland's economy, particularly on the country's large tourism sector. After a decade of rapid growth, with the number of visitors increasing about fivefold, the tourism sector contributed about 9% of Iceland's 2019 GDP. Our current base-case scenario considers global GDP contraction of 2.4%, with recovery starting in the second half of 2020 (see "COVID-19 Deals A Larger, Longer Hit To Global GDP," published April 16, 2020, on RatingsDirect). However, tourism flows in particular will likely experience a more pronounced and longer-lasting setback. This prompts us to consider a contraction of almost 7.5% of GDP for Iceland and an increase in unemployment to over 7.0% in 2020. That said, we anticipate economic growth of 4.8% in 2021.

The government and the central bank have quickly established fiscal and monetary policy stimulus packages to support the Icelandic economy. The most important measures include:

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- Additional social benefits and wage support;
- Temporary tax deferrals and subsidies for business affected by the current recession;
- Increased and accelerated public investments;
- A guarantee program for businesses loans;
- Central bank policy rate cut by 100 basis points to 1.75%;
- Reduced reserve requirements and countercyclical capital buffers for the banking sector; and
- An open market purchasing program by the central bank, covering treasury bonds for no more than Icelandic krona (ISK) 150 billion.

It remains unclear how well the aforementioned stimulus measures will offset the pandemic-related economic shock. There is a high degree of uncertainty regarding the medium-term economic outlook for Iceland's small open economy. With a population of about 360,000 and a GDP of \$24 billion at year-end 2019, the country's export base is very concentrated and main exports pertain to the tourism, marine, and metals (aluminum) sectors. As such, the country is very susceptible to external developments in terms of trade. An uptick in tourism arrivals may be subject to significant volatility if there is a second wave of COVID-19 infections or severe shifts in global travel preferences over the next few years. Our current scenario considers a gradual recovery of tourism flows by 2022. Iceland's aluminum sector, which constitutes about 16% of exports, exposes the economy to commodity price developments. However, we currently assume global aluminum prices will reach \$1,900/ton by 2022 (see "Metal Price Assumptions: Oil Prices And The Coronavirus Dulls Demand For Most Metals," published March 17, 2020).

In our view, a key rating strength continues to be Iceland's institutional arrangements, with functioning checks and balances between various state bodies. The swift and effective policy responses from several Icelandic institutions underpin our view of generally effective and stable policymaking. Since the October 2017 snap elections, Iceland's coalition government comprises three parties that span the political spectrum. We note the government's broadly consensus-oriented approach to roll out its policy response to the pandemic.

Flexibility and performance profile: Iceland entered the pandemic with the fiscal flexibility to launch supporting measures

- The government's fiscal stimulus and economic contraction will cause a sizable deficit in 2020, intensifying indebtedness over the medium term.
- Positively, the government has deleveraged substantially in recent years, and we expect net general government debt to average a modest 36% of GDP through 2023.
- Despite our projections of a marked drop in tourism, we continue to expect the current account will remain in surplus, thanks to an anticipated contraction in imports, reflecting weaker domestic demand.

The Icelandic government was relatively quick to announce its fiscal policy response at the onset of the COVID-19 pandemic. The first fiscal package was presented at the end of March, then bolstered with additional measures in April. There is a high degree of uncertainty regarding the effective fiscal costs of the two packages, as well as the development of taxes and other revenue given the current circumstances. We forecast the government will post a deficit in 2020 of about 6.5% of GDP. The total volume of announced fiscal measures could add up to 12% of Iceland's GDP, but we note that many of the measures do not have a permanent impact on the government

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balance. Temporary tax deferrals for affected businesses are estimated at about 3.4% of GDP and will be recovered at a later stage. Similarly, the current supplemental loan support program to businesses provides a government guarantee of up to 70% of a loan for a maximum program value of ISK50 billion (2.5% of GDP). Additional direct support measures to businesses include closure subsidies for companies forced to halt operations; temporary tax relief for the tourism industry; abolishment of specific governmental fees (mostly transport related); and the expedition of the planned bank levy cut to next year. Furthermore, the government plans to move several infrastructure projects ahead of schedule to support the construction sector (slightly below 1% of GDP). Aid to individuals covers additional social benefits and wage support, such as part-time work compensation (1.3% of GDP) and a partly subsidized salary during the notice period/quarantine (about 1.0% of GDP in total). Affected individuals could also access increased child benefits; third-pillar pension savings; and expanded reimbursement on value-added tax on labor in the construction sector.

The fiscal deficit in 2020 is sizable but temporary. In the absence of a protracted economic recovery, we expect budgetary performance to gradually strengthen. We note that Iceland's net debt as a percentage of GDP has reduced significantly in recent years, from about 80% of GDP in 2011 to below 28% in 2019. This provides the government with fiscal flexibility to counter the current economic challenges with the aforementioned support packages.

We also note pronounced improvements in the government's debt profile beyond the mere reduction of nominal debt levels. For example, over 80% is held domestically and only about 3% of net government debt is currently denominated in foreign currency. This supports our expectation of no financing pressures in the near term despite the high additional financing needs. We believe the government will be able to cover all additional funding needs on the domestic market in 2020, in part due to two newly available financing options. First, the Central Bank of Iceland (CBI) announced a purchasing program for treasury bonds in the secondary market of maximum ISK150 billion. The allocated maximum amount for the second quarter, at ISK20 billion, may sufficiently cover already half of the government's additional funding needs for that period. Second, the liquid assets of the Icelandic Housing Financing Fund (HFF)--partially consolidated under the treasury's liquidity management at this time--will also provide the government with another funding source.

At the same time, we note the government's moderate contingent liabilities related to guarantees. The total stock of guarantees currently amounts to approximately one-third of GDP and covers a broad spectrum of public-sector entities, such as the energy company Landsvirkjun or Iceland's Student Loan Fund. Yet, more than 80% of guarantees, equivalent to over 26% of GDP, are made out to the HFF. Over the next years, however, HFF's liabilities will continue to reduce as it has ceased new lending activities.

In addition, the CBI's monetary policy response, similar to the fiscal stimulus, has been swift. The immediate measures included cutting the policy rate by a cumulative 100 basis points to currently 1.75%; a reduction of the reserve requirements from 1% to 0% and a narrowing of the countercyclical capital buffers for banks from 2% to 0%; and further liquidity measures in the financial sector to support continual lending to the private sector. Most importantly, the CBI has announced an open market purchasing program for the treasury's bonds on the secondary market, which started at the beginning of May. That said, we continue to view Iceland's monetary policy effectiveness as generally constrained by structural features of the underlying economy as one of the smallest currency areas globally. Iceland's real effective exchange rate tends to fluctuate over the economic cycle and is subject to large valuation swings that have historically exacerbated the cyclicalities already inherent in Iceland's economy.

Positively, we believe that the previous accumulation of substantial extra net foreign exchange reserves, currently at over 30% of GDP, has created additional policy flexibility for the CBI. These

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reserves underpin the CBI's improved ability to act as a lender of last resort for the domestic banking system in foreign and local currencies, as well as allow it to effectively react to unforeseen and pronounced swings in the exchange rate.

Despite the already meaningful depreciation, we do not believe that inflation will spike in 2020. We think that deflationary pressures due to the contraction in domestic demand, as well as lower energy price, will outweigh pass-through effects due to higher import prices. We believe inflation will remain close to the CBI's target rate of 2.5% over the next years.

Even though the absence of tourist arrivals for large parts of the year and the reduction of aluminum prices will materially affect exports in 2020, we do not anticipate large external imbalances as a result. This is principally because weaker domestic demand and depressed energy prices will also curb imports. Currently, Iceland's net international investment position is positive, meaning that Iceland's external assets exceed its foreign liabilities. The low levels of net external debt, merely amounting to an estimate \$2.1 billion at year-end 2019 also follows significant external deleveraging in the years after the financial crisis. This, alongside strengthened net central bank foreign exchange reserves, leads us to consider that Iceland is in a strong position to face the current shock from a balance of payments perspective.

We lowered our Banking Industry Country Risk Assessment for Iceland's banking sector to '5' from '4' owing to our revised view on the sector's economic and industry risk. The forecast sharp reduction in economic activity in 2020 will exacerbate the structural weaknesses of the domestic banking industry, such as generally low profitability. The business environment is fiercely competitive and further distorted by the role of pension funds in lending. Declining interest rates and increasing provisions mean the Icelandic banks' business prospects and earnings in the short to medium term are more fragile than peers'. Although the asset quality metrics will deteriorate in the coming quarters, mainly due to tourism exposures, we expect the banks to be more resilient to the economic headwinds than during the 2008-2009 financial crisis, thanks to their now much higher capitalization level. This is why we still believe the financial sector poses a limited contingent liability for the government.

The intergovernmental body Financial Action Task Force (FATF) added Iceland to its so-called "grey" list of monitored jurisdictions. We do not expect a material impact on the financial status or reputations of Icelandic banks over the near term. According to the Icelandic government, flagged issues have already been, or will be, addressed in the coming months. The next FATF review and the outcome will be announced this year.

Key Statistics

Table 1

Iceland Selected Indicators

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economic indicators (%)										
Nominal GDP (bil. ISK)	2,074	2,294	2,491	2,616	2,787	2,966	2,779	2,991	3,127	3,285
Nominal GDP (bil. \$)	18	17	21	24	26	24	21	21	23	25
GDP per capita (000s \$)	54.5	52.8	62.0	72.4	73.9	67.8	58.1	58.3	62.6	66.1
Real GDP growth	2.1	4.7	6.6	4.5	3.8	1.9	(7.5)	4.8	2.3	2.5
Real GDP per capita growth	0.9	3.7	5.5	2.7	0.8	(0.5)	(7.9)	3.2	0.7	1.0

Table 1

Iceland Selected Indicators (cont.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real investment growth	15.9	21.3	17.8	10.8	(1.1)	(6.3)	(7)	4.3	3.2	3.0
Investment/GDP	17.3	19.6	21.2	22.0	22.0	20.1	20.4	20.5	21.0	21.2
Savings/GDP	23.0	25.5	28.8	25.8	25.0	25.9	22.0	22.6	22.6	22.4
Exports/GDP	51.5	51.8	47.6	46.1	47.5	45.3	42.6	43.7	44.0	44.3
Real exports growth	3.2	9.1	10.9	5.4	1.7	(5.0)	(11)	7.0	3.0	3.5
Unemployment rate	5.0	4.0	3.0	2.8	2.7	3.5	7.3	4.2	3.8	3.8
External indicators (%)										
Current account balance/GDP	5.7	6.0	7.6	3.8	3.1	5.8	1.6	2.1	1.5	1.2
Current account balance/CARs	10.1	10.6	14.1	7.5	6.0	11.8	3.6	4.3	3.2	2.4
CARs/GDP	56.4	56.4	53.6	50.2	51.2	49.2	45.5	48.8	48.6	48.7
Trade balance/GDP	(0.5)	(1.5)	(4.1)	(6.3)	(5.8)	(3.3)	(4.4)	(4.7)	(5.3)	(5.6)
Net FDI/GDP	4.1	4.0	3.5	0.7	(1.8)	(3.1)	(3.5)	2.0	0.5	0.5
Net portfolio equity inflow/GDP	(0.2)	(2.2)	(5.9)	(1.6)	(1.4)	(1.0)	(2.5)	(3)	(3)	(3)
Gross external financing needs/CARs plus usable reserves	99.8	93.4	90.4	80.6	85.1	80.6	80.9	87.5	87.1	87.6
Narrow net external debt/CARs	58.3	143.4	57.2	52.3	40.9	38.6	60.5	55.4	51.8	49.9
Narrow net external debt/CAPs	64.8	160.4	66.5	56.6	43.5	43.7	62.8	57.8	53.5	51.1
Net external liabilities/CARs	8.9	9.8	(4.2)	(5.1)	(19.7)	(46.3)	(59.9)	(57.4)	(57.7)	(58.0)
Net external liabilities/CAPs	9.9	10.9	(4.8)	(5.6)	(21.0)	(52.5)	(62.2)	(60.0)	(59.6)	(59.4)
Short-term external debt by remaining maturity/CARs	50.0	41.9	44.6	35.5	33.5	35.3	42.4	42.9	38.1	35.1
Usable reserves/CAPs (months)	5.4	5.5	6.2	7.6	6.4	7.2	8.9	7.3	6.8	6.3
Usable reserves (mil. \$)	3,988	4,895	7,231	6,575	6,328	6,787	6,057	6,163	6,221	6,283
Fiscal indicators (general government; %)										
Balance/GDP	(0.1)	(0.8)	(3.0)	0.6	0.8	(1.0)	(6.5)	(3.0)	(0.8)	(1.0)
Change in net debt/GDP	(7.3)	(2.9)	(3.6)	(1.8)	(4.6)	0.6	7.2	2.9	0.7	0.9
Primary balance/GDP	4.5	3.6	1.0	4.5	3.7	1.4	(3.8)	(0.2)	2.1	1.9
Revenue/GDP	43.7	40.6	41.5	43.5	43.1	40.9	38.0	39.8	41.9	41.9
Expenditures/GDP	43.8	41.4	44.5	42.9	42.3	41.9	44.5	42.8	42.7	42.9
Interest/revenues	10.4	10.9	9.5	8.9	6.6	5.8	7.2	7.1	6.9	6.8

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Table 1

Iceland Selected Indicators (cont.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt/GDP	80.9	65.0	51.2	43.2	37.4	37.1	44.9	45.5	45.0	43.7
Debt/revenues	184.9	160.2	123.4	99.4	86.8	90.6	118.3	114.3	107.3	104.3
Net debt/GDP	54.4	46.3	39.1	35.4	28.7	27.6	36.7	37.0	36.0	35.2
Liquid assets/GDP	26.5	18.7	12.2	7.8	8.7	9.4	8.3	8.5	9.0	8.5
Monetary indicators (%)										
CPI growth	2.0	1.6	1.7	1.8	2.7	3.0	2.1	3.0	2.5	3.0
GDP deflator growth	3.7	5.6	1.8	0.5	2.6	4.4	1.3	2.8	2.2	2.5
Exchange rate, year-end (ISK/\$)	126.90	129.59	112.82	104.42	116.33	121.10	145.45	136.30	133.85	131.32
Banks' claims on resident non-gov't sector growth	(3.3)	(0.3)	1.7	6.8	9.0	4.1	(7.5)	6.0	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	152.6	137.6	128.8	130.9	134.0	131.1	129.4	127.5	126.8	125.5
Foreign currency share of claims by banks on residents	9.8	9.4	8.9	9.7	10.4	12.8	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	18.0	16.5	8.6	9.7	12.2	12.3	N/A	N/A	N/A	N/A
Real effective exchange rate growth	6.9	2.5	12.5	12.0	(2.6)	(6.7)	0.0	0.0	0.0	0.0

Sources: Statistics Iceland (Economic Indicators), Central Bank of Iceland, The Government of Iceland External Indicators), Statistics Iceland, Central Bank of Iceland (Fiscal Indicators), and Central Bank of Iceland, International Monetary Fund (Monetary Indicators).

Adjustments: Government debt adjusted by including loans from Norges bank and International Monetary Fund.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid assets held by nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. ISK--Icelandic krona. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Iceland Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	2	Generally strong, but relatively shorter track record of policies that deliver sustainable public finances and consistently balanced economic growth over the long term. Generally effective checks and balances and free flow of information through society. Statistical information is generally timely and reliable.

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Table 2

Iceland Ratings Score Snapshot (cont.)

Key rating factors	Score	Explanation
Economic assessment	2	Based on GDP per capita (\$) as per the Selected Indicators table above. The economy is concentrated in fishing, aluminum, and tourism. The metals and fishing sectors together account for over 20% of GDP and are subject to volatility due to changing aluminum prices and varying fishing catch levels. The tourism industry also accounts for well over 20% of GDP including direct and indirect effects.
External assessment	4	Based on narrow net external debt and gross external financing needs as per Selected Indicators in Table 1 The country is exposed to significant volatility in terms of trade, due to its dependence on tourism exports and changes in metal prices.
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	4	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1. Contingent liabilities are moderate. We assess the amount of guarantees provided by Iceland (implicitly and explicitly) to various non-deposit-taking institutions at over 30% of GDP. We believe there is a significant likelihood of extraordinary government support.
Monetary assessment	4	The krona is largely floating following the removal of capital controls, albeit with a shorter track record. The central bank has broad operational independence and uses market-based monetary instruments. Given the removal of capital controls and accumulation of extra net foreign exchange reserves, the central bank can act as lender of last resort for the financial system. However, Iceland exhibits a very volatile REER over the economic cycle.
Indicative rating	a+	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	-1	Iceland's economy and its currency area are narrower than rating peers', which makes the country inherently more susceptible to external shocks. This is not fully captured in the indicative rating.
Final rating		
Foreign currency	A	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	A	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §§15 and §§126-128 of the rating methodology.

Related Criteria

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

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- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, May 11, 2020
- Sovereign Ratings History, May 11, 2020
- Sovereign Ratings Score Snapshot, May 6, 2020
- Sovereign Risk Indicators, April 24, 2020; a free interactive version is available at <http://www.spratings.com/sri>
- Europe Braces For A Deeper Recession In 2020, April 20, 2020
- COVID-19 Deals A Larger, Longer Hit To Global GDP, April 16, 2020
- European Developed Sovereign Rating Trends 2020, Jan. 29, 2020
- Banking Industry Country Risk Assessment: Iceland, Sept. 17, 2019
- 2018 Annual Sovereign Default And Rating Transition Study, March 15, 2019

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed

Iceland	
Sovereign Credit Rating	A/Stable/A-1
Transfer & Convertibility Assessment	A

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Ratings Affirmed

Senior Unsecured	A
Short-Term Debt	A-1

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceld/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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