Flash Note – Bank Levy

2027 Budget Bill Raises Levy to 0,254%

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Note date	Event	Levy rate	Added levy 2027E	Net income 2027E	Fair value impact	Ratings
07/09/2026	**Budget bill 2027**	**0,145% → 0,254%**	**ISKm 3.767**	**-5,2% to -6,6%**	**-4,9% to -8,1%**	**Unchanged**

Bottom Line

The 2027 budget bill proposes raising the special tax on financial undertakings from 0,145% to 0,254% of total liabilities above ISKbn 50 - a 0,109pp increase that lifts the levy 75%. On AKKUR's 2027 estimates the three covered banks pay ISKm 3.767 more, 63% of the ISKbn 6,0 the Ministry expects the measure to raise. Article 6 of Act no. 155/2010 makes the levy non-deductible, so the charge passes to net income one-for-one with no tax shield: 2027E net income falls 5,2-6,6% and RoE 50-85bp ceteris paribus - no pass-through assumed, lending and deposit pricing unchanged. **Theses intact; 2027 estimates cut on all three names pending confirmation of the effective date. Ratings and target prices unchanged.**

Estimated Impact of the Proposed Levy Increase — 2027E

Key Figures ISKm unless stated	ISB	ARION	KVIKA	Total
Levy base 2027E (ISKbn), net of ISKbn 50 allowance	1.555	1.605	296	3.456
Bank levy at 0,145% (current law)	2.255	2.327	430	5.011
Bank levy at 0,254% (proposed)	3.950	4.076	753	8.779
Incremental levy, 2027E	**1.695**	**1.749**	**323**	**3.767**
Incremental levy per share (ISK)	1,02	1,31	0,08	-
Net income 2027E, current estimate	25.671	30.633	6.251	62.554
Net income 2027E, post-change	23.976	28.883	5.928	58.787
Change in net income	**(6,6%)**	**(5,7%)**	**(5,2%)**	**(6,0%)**
Bank levy % of PBT, before	6,7%	5,8%	5,2%	-
Bank levy % of PBT, after	12,4%	10,7%	9,4%	-
RoE 2027E, before	12,4%	13,7%	10,4%	-
RoE 2027E, after	11,6%	12,9%	9,8%	-
Indicative fair value impact, perpetuity*	(8,2%)	(6,6%)	(5,1%)	-
Indicative fair value impact, implied P/E*	(6,6%)	(5,7%)	(5,2%)	-

Levy base derived from AKKUR 2027e balance sheets net of the ISKbn 50 allowance, on each model's own averaging convention. AKKUR calculations.
** Fair value impact capitalises the incremental levy at 1/(Ke - g) and at the implied fair-value P/E. Indicative sensitivity, not a rerun of the dividend discount models.*

Valuation Read

Directional implication: a permanent, non-deductible cost that scales with the balance sheet, worth 4,9-8,1% of fair value on the capitalisations above. ISB is the most exposed - the largest levy base relative to earnings and the least rating headroom, with the discount to fair value narrowing from 29% to 18-20% against the 15% BUY threshold. Negative, but not rating-changing at current prices.

Trigger for TP update: publication of the amending bill with a confirmed rate and effective date, a material change to the ISKbn 50 allowance or the tax-base definition, or evidence of pass-through to deposit or lending pricing. Otherwise at the next scheduled review.

All data from company annual/interim reports, Kodiak Excel and AKKUR estimates unless otherwise stated.