



Press Release

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Results of the Supervisory Review and Evaluation (SREP) Process at Arion Bank hf.

Arion Bank's Pillar II capital requirement 3.5% from 1 July 2022

The conclusion of the Financial Supervisory Authority of the Central Bank of Iceland on the assessment of risk factors in Arion Bank's operations in the Supervisory Review and Evaluation Process (SREP), which is carried out annually, is that Arion Bank hf. should, from 1 July 2022, be required to hold additional regulatory capital that amounts to 3.5% of Risk Exposure Amount (REA), which is an increase of 0.3% from last year's review. Arion Bank's total capital requirement taking into account all capital buffers increases to 18.8% from 18.5%.

The additional requirement arises due to credit, counterparty and concentration risk, as well as market and fixed interest rate risk, which were not sufficiently accounted for when calculating the Pillar I capital adequacy requirement. The additional requirement is divided so that the Common Equity Tier 1 capital shall amount to a minimum of 2.0% of REA and total Tier 1 capital shall amount to a minimum of 2.6% of REA.

For more information, see the announcement on the website of Financial Supervisory Authority of the Central Bank of Iceland https://www.sedlabanki.is/library/Skraarsafn/Gegnsaeistilk-FME/Gagnsaei_Arion_07072022.pdf

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Attachments

[Results of the Supervisory Review and Evaluation \(SREP\) Process at Arion Bank hf.](#)